

**Listing of Claims:**

This listing of claims will replace all prior versions, and listings, of claims in the application:

1-38 (Cancelled)

39. (Currently amended): A method of portfolio management comprising:

Communicating with at least one investor through the Internet, receiving investment parameters from said at least one investor, and generating at least one portfolio according to said investment parameters, said step of generating at least one portfolio comprising generating at least one optimal scenario portfolio in accordance with said investment parameters and current market conditions, wherein the step of generating at least one optimal scenario portfolio in accordance with said investment parameters and current market conditions includes configuring an optimal cash allocation consistent with the investor's risk preference or tolerance; rebalancing portfolios and said step of rebalancing portfolio in accordance with said optimality of said scenario portfolio and the investor's pre-specified rebalancing conditions; and setting returns on various investment style indexes as the market benchmark, and consequently, constructing the market portfolio as a linear combination of various style index returns. Said step of generating an optimal portfolio includes configuring the market portfolio ( $R_m$ ) as an optimal portfolio of various investment style index returns, which themselves are a portfolio of individual stock returns; and configuring the individual stock returns based on  $R_m$ . Extending the method to form the international capital market index is anticipated.